

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2969 – SB 2929

April 4, 2012

SUMMARY OF AMENDMENTS (014698, 016172): Deletes all language after the enacting clause. Requires separate amounts be appropriated each year for nursing facility services and home-and-community-based services. Requires the level of care criteria and the state's medical eligibility criteria for all long-term services, including nursing facility services and home-and-community-based services, to be adopted in a rulemaking hearing pursuant to the Uniform Administrative Procedures Act. Requires all managed care organizations (MCOs) to contract with any current licensed nursing facility that provides Medicaid services and is willing to contract with the MCO under the same terms and conditions offered to any other nursing facility contracted with the MCO under any policy, contract, or plan that is part of the TennCare long-term care service delivery system. Requires the Comptroller of the Treasury to set the Medicaid rates for nursing facility services under the cost-based nursing facility reimbursement system and any acuity-based reimbursement system adopted in a rulemaking hearing. Requires MCOs to comply with the provisions of Tenn. Code Ann. § 56-32-126 and any prompt pay provisions within the contractor risk agreements with TennCare. MCOs must ensure 90 percent of clean claims for nursing facility services shall be processed and paid within 14 calendar days and 99.5 percent paid within 21 days.

Amendment 016172 requires skilled nursing facilities in any TennCare dual-eligible demonstration to continue to be reimbursed at Medicare rates established by the federal government for Medicare covered services. Requires any Medicaid rates for dual-eligible patients to be paid in accordance with existing Tennessee regulations. States the purpose of this subsection is to assure nursing homes receive no less reimbursement than traditional Medicare payments under any dual-eligible demonstration and that TennCare incurs no additional costs.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$7,966,800/FY12-13

Increase Federal Expenditures - \$15,595,200/FY12-13

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Assumptions applied to amendments:

- According to the Bureau of TennCare, the requirement for a rulemaking hearing regarding the level of care and eligibility criteria for nursing facility services will delay the implementation of proposed changes to these criteria.
- The proposed FY12-13 TennCare budget includes \$47,124,000 in decreased expenditures for changes to the methodology used for nursing home placement. It is estimated that the rulemaking process will delay the implementation by six months which will reduce the amount of decreased expenditures by one-half, or to \$23,562,000 ($\$47,124,000 / 2$) in FY12-13.
- According to TennCare, the program is in the process of implementing a demonstration project to integrate the care of dual eligible (Medicaid and Medicare) enrollees within the managed care system. TennCare currently reimburses at 80 percent of Medicare rates. It is assumed that the language of Amendment 016172 will not result in TennCare having to increase the current reimbursement rate of 80 percent.
- The total increase in expenditures for FY12-13 is \$23,562,000. Of the total increase, \$7,966,783 are state funds at a rate of 33.812 percent and \$15,595,217 are federal funds at a 66.188 percent match rate.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/kml